

**Amendment No. 1 to HB3503**

**Brooks H**  
**Signature of Sponsor**

**AMEND Senate Bill No. 3680**

**House Bill No. 3503\***

by deleting Section 2 of the bill in its entirety and by adding the following new sections:

SECTION 2. Tennessee Code Annotated, Section 49-14-104, is amended by deleting the current language and substituting the following language:

The board of regents created under chapter 8, part 2 of this title and the University of Tennessee board of trustees created under chapter 9, part 2 of this title shall establish a policy requiring that reports by their respective system president or chancellor, and presidents or chancellors detailing expenditures made by, at the direction of or for the benefit of the chancellor or president be filed with the board no less than annually. It is the legislative intent that the policy require the report of discretionary expenditures, which shall include, but not be limited to, unrestricted gifts, foundation funds, athletic funds, sponsorship fees, licenses and royalty funds and other such funds that would not be included in the operating budget for the chancellor's or the president's office. Chancellors or presidents shall not have the authority to grant themselves an exception to fiscal, spending or travel policies established by the board or by statute.

SECTION 3. Tennessee Code Annotated, Title 49-7-3001, is amended by deleting the current language and substituting the following language.

(a) The trustees of the University of Tennessee shall require risk-based internal financial audits for the offices of the university president and the chancellors of the campuses comprising the system; provided, that at least thirty percent (30%) of such offices shall be audited in any given year. Such audits shall be reviewed by the board of trustees and the comptroller of the treasury.

(b) The board of regents of the state university and community college system shall require risk-based internal financial audits of the offices of the chancellor and the presidents of the institutions comprising the system; provided, that at least thirty percent (30%) of such offices shall be audited in any given year. The audits shall be reviewed by the board of regents and the comptroller of the treasury.

(c) The audits shall be performed for each fiscal year and shall be completed and furnished to the system's governing body and the comptroller of the treasury by December 1 following the close of each fiscal year.

SECTION 4. Tennessee Code Annotated, Title 49, Chapter 9, Part 4, is amended by adding the following language as new sections:

Section 49-9-407.

(a) As part of the Institute for Public Service, the Municipal Technical Advisory Service exists to provide studies and research in municipal government, publications, and educational conferences and to furnish technical, consultative, and field services to municipalities of the state in problems relating to fiscal administration, accounting, tax assessment and collection, law enforcement, improvements and public works, and in any and all matters relating to municipal government.

(b) This program shall be carried on in cooperation with and with the advice of municipalities in the state acting through the Tennessee Municipal League and its board of directors, which is recognized as their official agency or instrumentality.

Section 49-9-408.

(a) As a part of the Institute for Public Service, the Law Enforcement Innovation Center exists to provide studies and research in law enforcement and public safety and in educational conferences and training and to furnish technical, consultative, and field services to law enforcement agencies.

(b) This program shall be carried on in cooperation with and with the advice of law enforcement agencies.

Section 49-9-409.

(a) As part of the Institute for Public Service, the Naifeh Center for Effective Leadership exists to provide studies and research in leadership and executive development and educational conferences and training and to furnish technical, consultative, and field services in these areas.

(b) This program shall be carried on in cooperation with and with the advice of professionals in the field of leadership and executive development.

SECTION 5. Tennessee Code Annotated, Title 49, Chapter 9, Part 14, is amended by adding the following new section:

§ 49-9-1409. Notwithstanding any other law to the contrary, any proceeds derived from the sale or liquidation of gifts, properties, holdings, mineral rights or other assets of value from within the University of Tennessee institute of agriculture shall remain within the institute's budget and purview and used at the discretion of the institute's chief officer toward the accomplishment of the institute's teaching, research or statewide public service mission. At no time shall the proceeds of the sale of such properties used for research, demonstration or youth programs be used to fund the general operations of the university.

SECTION 6. This act shall take effect upon becoming a law, the public welfare requiring it.